



**To: CEO & President of PSEC Secretariat
2nd Floor, 880 Douglas Street
Victoria, BC V8W 2B7**

**RE: Industry Training Authority (ITA)
2013/2014 Executive Compensation Disclosure**

Compensation Discussion and Analysis

for fiscal year 2013/14

Compensation Philosophy¹

ITA Executive compensation for the 13/14 fiscal year was comprised of a base salary, incentive plan and benefits including vacation and pension. The plan was designed to compensate and reward achievement of the goals as outlined in the organization's Service Plan and as may also be identified by the Human Resources Committee of the Board of Directors in its Corporate Performance Goals (Note: the incentive component of compensation ended June 30, 2013). A vehicle allowance was provided to the former CEO to reimburse the cost of the use of a personal vehicle for business purposes.

The base salary, benefits and incentive target is benchmarked at least every three years using comparators that include public, private and not-for-profit organizations. The comparators are intended to position the organization to be reflective of the environment in which the organization operates. The Board approves the comparator organizations for the CEO position. The Human Resources Committee of the Board and CEO approve the comparator organizations for all other positions in the organization. ITA salary bands are set at the market median. The market compensation survey is administered by an independent, full service Human Resource organization using best practices identified by the consultant.

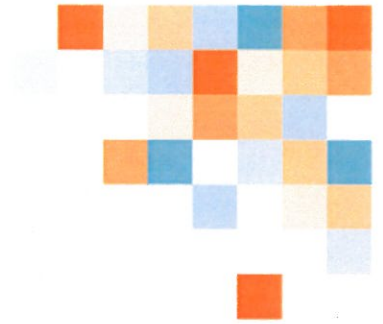
Incentive Plan Performance Targets²

Incentive Plan goals were renewable annually, approved by the Human Resources Committee of the Board of Directors, and calculated using quantifiable measures. The goals were pre-set, weighted performance goals within an incentive range of 0-20% for each specific goal (total target level is 10%). Executives received incentive pay in 2013/2014 for performance in 2012/2013 at a payout of 14.4% to the target of 10%.³

¹ Full description of ITA's compensation and bonus policy: Addendum 1

² ITA's incentive plan ceased on July 1st 2013, however this 13/14 compensation disclosure includes incentive pay paid out on June 30th 2013 for bonus earned in FY12/13 - Please refer to Addendum 2 for 2012/2013 bonus payout breakdown

³ All ITA Executives have moved the new non incentive based, PSEC approved compensation structure effective July 1, 2013. The increase in total compensation earned in 2013/2014 exceeds the 5% increase threshold in the CEO and all



Leaves

The organization provides vacation and sick leave to employees as well as other leaves required under Employment Standards (e.g. Family Responsibility Leave).

NEO's who were here for the whole of the last two fiscals based solely on incentive plan pay out in June 2013 (earned in FY12/13) and a severance pay out for the CEO.

Summary Compensation Table June 2014 (for monies paid out in FY13/14)

Name and Position (a & b)	Annualized Base Salary (c)	Base Salary (d)	Bonus and / or Incentive Plan Compensation ⁱ (e)	Benefits (f)	Pension (g)	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
								2012 / 13	2011 / 12
Gary Herman, COO and interim CEO ⁱⁱ	\$170,064	\$165,865	\$ -	\$9,714	\$17,279	\$200	\$193,058	\$44,175	\$ -
Sue Thomas, CFO	\$138,946	\$135,959	\$27,431	\$8,840	\$14,049	\$ -	\$186,279	\$170,005	\$170,800
Jeff Nugent, CSO and interim COO ⁱⁱⁱ	\$145,800	\$139,325	\$27,047	\$7,265	\$14,378	\$32,579	\$220,591	\$163,591	\$148,329
Kevin Evans, CEO ^{iv}	\$192,741	\$65,280	\$32,116	\$2,710	\$7,009	\$278,175	\$385,291	\$252,365	\$223,270

Name and Position (a & b)	All Other Compensation	Severance (f)	Vacation payout (i)	Leave payout (j)	Vehicle / Transportation Allowance (k)	Perquisites / other Allowances (l)	Other (m)
Kevin Evans, CEO	\$278,175	\$274,605	\$ -	\$ -	\$3,570	\$ -	\$ -
Jeff Nugent, CSO	\$32,576						\$32,576 ^v
Gary Herman, COO	\$200						\$200 ^{vi}

ⁱ This amount shows what the three qualifying Exec members were paid in July 2013 for bonus earned and approved by the board and PSEC in FY 12/13. Jeff Nugent and Sue Thomas may be eligible to earn up to 30% of their previous base salary pro-rated from April 1, 2013 to June 30, 2013 based on organizational performance for FY13/14. If any performance pay is earned it will be paid to them in July 2014 and captured in an amendment to the compensation disclosure for FY13/14. Gary Herman is not eligible for performance pay as a result of his hire date.

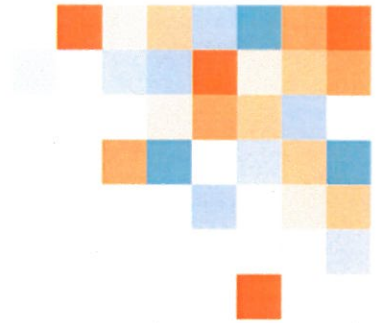
ⁱⁱ Gary Herman started January 7, 2013 and was made Interim CEO July 29, 2013

ⁱⁱⁱ Jeff Nugent was made interim COO July 29, 2013

^{iv} Kevin Evans ceased working for ITA on August 18, 2013. Other compensation reflects severance payment

^v Jeff Nugent: \$32,576/PSPP Voluntary Buyback compensation, \$400 Healthy Employee Perk

^{vi} Gary Herman: \$200 Healthy Employee Perk



I attest that the compensation provided was within approved compensation plans. Reviewed and signed on behalf of Board of Directors

A handwritten signature in blue ink, appearing to read "Gwyn Morgan", written over a horizontal line.

Gwyn Morgan, Board Chair

A handwritten date in blue ink, "JUNE 26, 2014", written over a horizontal line.

Date

Addendum 1 – From ITA EE Handbook

3.1. SALARY ADMINISTRATION

ITA follows compensation practices that ensure all employees receive fair salaries; accurately reflect positions, duties, responsibilities, education and experience required for optimum job performance, and to enable ITA to recruit and retain qualified employees.

3.1.1 Job Descriptions have been developed to maintain a clear and efficient structure, description and evaluation of job responsibilities within ITA. However, job descriptions are only an outline of major duties and responsibilities; they are not detailed lists of every duty employees may be asked to perform. ITA may add similar or related duties at any time, at our discretion. ITA will review job descriptions:

- during the annual performance review process
- before the commencement of the recruit for a vacant position
- when a change within ITA results in a change in job functions

3.1.2 Job descriptions are the tools with which the market value of each job at ITA is determined. When a job has been evaluated it is assigned to a Salary Band, which specifies the range of compensation for the job. At ITA similarly valued positions are placed within one Salary Band, which is comprised of:

The Job minimum represents 80% of the job rate and is typically the amount of salary paid to a new employee who has the basic skills required but little or no job related experience. However, new employees with comparable experience to that required by the position being filled at the ITA may be credited with a specific number of relevant years of experience for purposes of their placement in the salary band.

The Job Rate represents 100% of the average salary paid the same or similar jobs, by the comparable external market.

The Compa-ratio is defined as “the percentage of the incumbent’s salary in comparison to the Job Rate of the Salary Band.” For example, if a job has a Job Rate of \$50,000, and an employee’s salary is \$45,000, that employee’s compa-ratio is 90% (90% of \$50,000 is \$45,000).

3.1.3 ITA reviews Salary Bands, job rates and benefits at least every three years using a comparator group that may include public, private and non-profit employers that hire to comparable positions. The market compensation survey is administered by an independent, Human Resource organization using best practices identified by the consultant. The job rates for each salary band are reviewed periodically and approved by the HR Committee of the Board of Directors. In the intervening years, the Committee may approve salary band adjustments based on actual or projected market range adjustments, the organization’s ability to pay and PSEC (Public Service Employer’s Council) guidelines and mandate.

3.1.4. At the end of the annual Performance Management cycle, each employee’s performance over the past year is measured against the job description, goals, and desired behaviours that support the Annual Business Plan, and a final rating is determined. Performance rating is associated with a relevant salary



percentage increase, which may change from year to year, dependant on ITA's ability to pay, and the HR Committee and PSEC guidelines and mandate. .

ITA is limited by its Compensation Guidelines in the amount salaries can be increased by; currently 102% compa-ratio is the cap for salaries and salary increases.

3.1.5 Salaries are paid in equal amounts, on the 15th and last day of the month, by direct deposit. If you have a concern or need clarification regarding calculations made on your pay stub, please contact Payroll.

2012-13 CSO EXECUTIVE BONUS – BOARD APPROVED MAY 8, 2013 and paid July 2013

Org S/C	Goal 2012-13	Goal Weight	non-Exec: Goal as portion of 10% target *	Exec: Goal as portion of target	Minimum 0% of Earnings	Target 10% of Earnings	Maximum 20% of Earnings	Year end Results	Actual Score as portion of 10% target	Notes
1	# of credentials issues (+/- 10%)	30%	3%	3%	6,750	7,500	8,250	8042	5.2%	
6	2 non-apprenticeship credentials & assessments (aligned to ORG Scorecard Targets)	15%	1.5%	1.5%	Milestones not met	Milestones met	Milestones exceeded	Exceeded	1.5%	
8	Standard Level Exams (aligned to ORG Scorecard Targets)	20%	2%	2%	Milestones not met	Milestones met	Milestones exceeded	75%	1.5%	See Note B.1 for score rationale (next page)
9	Customer Service Index	15%	1.5%	1.5%	85%	90%	95%	92.4%	2.2%	
13	Investment per APP Credential (+/- 5%)	20%	2%	2%	\$14,933	\$14,222	\$13,511	\$13,190	4.0%	
	Exec - individual goals (CSO)		-	5%						
	1. Strengthening the Red Seal Initiative (national)			2.5%	Milestones not met	Milestones met	Milestones exceeded	Exceeded	5.0%	See Note A.1 for score rationale
	2. Brand development work			2.5%	Milestones not met	Milestones met	Milestones exceeded	Met	2.5%	See Note A.2 for score rationale
	TOTAL BONUS CHIEF STRATEGY OFFICER	100%	10%	15%					21.9%	

BONUS RATIONALE

A. CSO EXECUTIVE - PERSONAL BONUS GOALS (2.5% each; Total goal 5%)

CSO Bonus Targets		Not Achieved	Fully Achieved	Exceeded
1.	Strengthening the Red Seal	recommendations for phase one work on standards not accepted at CCDA meeting Feb 2013	recommendations for phase one work on standards accepted at CCDA meeting Feb 2013	recommendations for phase one work on standards accepted at CCDA meeting Feb 2013 AND CCDA decision to proceed with a second phase of the initiative focused on assessment
		RESULT: EXCEEDED CCDA decision was to proceed with both pilot and development of assessment framework as recommended 5% Achieved		
2.	Brand Development Work		Was to be determined based on project plan finalized June 2012	
		RESULT: FULLY ACHIEVED Achieved goals on project plan and passed brand work off to new Communications Director 2.5% Achieved		

B. NOTES ON GOAL AND MILESTONES (ALL EMPLOYEES)

1. Standard Level Examinations: (implementation strategy amended mid-year)			Portion of 2% goal with equal weighting for each milestone
Q1	Delivery Partner selected	Target Met in Q1	$0.5\% \times 100\% = 0.5\%$
Q2	Test Platform & Business Processes with AST Exams	Target Met in Q3	$0.5\% \times 100\% = 0.5\%$
Q3	Implement medium-volume trade (four levels of one trade)	Partially Met: Implemented 3 instead of 4 SLEs in med-volume trade Implemented AST L3&L4; Millwright L3	$0.5\% \times .75\% = 0.375\%$
Q4	Implement large-volume trade (4 levels of one trade)	Partially Met: Implemented 1 instead of 4 SLEs in large-volume trade Implemented Carpentry L3	$0.5\% \times .25\% = 0.125\%$
Bonus for meeting target			2.0%
Using formula for partially met target			1.5%

REVISED MAY 1, 2013 (DE)

CEO Personal Bonus Goals: Fiscal 2012-13 (Approved by HR Committee May 3, 2013)				
#	Goal and expected outcome	Measure	Results	Score
1.	Government relations/communication- 2% Through pro-active communications and government relations, ensure ITA is well-positioned to facilitate stability within the province's industry training system through the political cycle	100% completion of the 12/13 government relations/communications work plan; increased support and understanding for ITA's mission and strategy from all three major provincial political parties as indicated by correspondence with parties by July 31, 2012 (stretch goal); achieve goal by November 30/12; not reached by January 31/12.	Partially Achieved Score as recommended by HR Committee analysis.	0.75%
2	Branding – 2% British Columbians have an increased level of awareness of ITA's brand promise: "The ticket to prosperity."	Successful implementation of brand strategy as per project plan by end of F12/13; establishment of a brand awareness baseline measurement. Success established through a survey of stakeholders by March 31/13.	- Brand strategy implemented by the end of F12/13 - Baseline established. Credential Awareness Index = 67 - Stakeholder survey not conducted	1.34%
3.	Industry Engagement – 2% (two parts at 1% each)			
3a)	Through pro-active, direct private sector industry outreach that includes but extends beyond ITO's, reinforce the industry-driven character of ITA. (1 % value)	Measure: 20 new large/medium employers sponsoring apprentices	Not achieved 0%	0%

CEO Personal Bonus Goals: Fiscal 2012-13 (Approved by HR Committee May 3, 2013)				
#	Goal and expected outcome	Measure	Results	Score
3b)	Improvement in working - relationship between ITA and ITO's. (1% value)	Survey by March 31 st , 2013 of ITO Chairs and CEO's on whether they believe there has been a material improvement in the working relationship between ITA and ITOs.	Survey distributed April 30 th to 13 ITO Chairs, CEOs, and one VP. 5 responses to the question: <i>Compared to this time last year how would you rate the relationship between ITA and ITOs?</i> Responses Much better – 1 Somewhat better – 4 Please see appendix for details and respondents' comments.	Improvement over the past 12 months indicated by 5 responses. 1%
4	Corporate Culture – 2% Through further refinement of an ITA organizational culture of high performance and accountability, achieve all top-line targets set out in the 12/13 Performance Management Plan.	Measure: 12/13 Performance Management Plan	10 of 15 KPIs met Please see appendix for details and notes on individual measures.	1.34% .67 of target met .67 x 2% = 1.34%
5	Leadership – 2% Through personal professional development become a more effective coach and mentor to direct reports.	360 assessment to be completed by March 31, 2013.	Survey of direct reports conducted April 25. Please see appendix.	0% No change in ratings from last year
CEO PERSONAL BONUS (Target = 10%)				4.43%
ORGANIZATIONAL BONUS (Target=10%)				14.4%
TOTAL CEO BONUS (Target: 10% + 10% = 20%)				18.83%

Appendix – CEO Bonus Calculations

3.b) Industry Engagement: Improvement with working relationship between ITA and ITOs

ITO's were asked via anonymous survey (sent April 30):
Compared to this time last year how would you rate the relationship between ITA and ITOs?

Responses:

Much Better	20%
Somewhat Better	80%
About the Same	0
Somewhat Worse	0
Much Worse	0

13 email invitations sent out; 5 responses received

Examples of Improvement provided by respondents

- Better EPA negotiation process
- Positive Feedback: 1) EPA negotiations concluded prior to the start of a new fiscal year 2) Staff show signs of wanting to work together and attend industry meetings
- Contract process was a more constructive process. The establishment of Chair to Chair dialogue
- Much better EPA process and result. Chair meetings productive and bridging gap replacement COO is an improvement

4. Corporate Culture:

Achieve all top-line targets in Performance Management Plan

1	Credentials Issued	✓
2	ITA Credentials Value Index	✓
3	Credential Awareness and Metrics	✓
4	Registered Sponsors	X
5	Sponsor Value Index	✓
6	Non-apprentice credentials	✓
7	Continuation Rates –	X
	Adult target ✓	
	Youth Baseline established X	
	LMA Baseline established X	
8	Standard Level Exams	X ⁽¹⁾
9	Customer Service Index	✓
10	ITA's Leadership development program completed by all managers	X ⁽²⁾
11	Management of Individual Performance Plans (Halogen use)	X ⁽³⁾
12	Development of high level Knowledge/IT Strategy	✓
13	Investment per Credential	✓
14	Significant new initiatives/projects have an acceptable ROI determined prior to implementation	✓
15	Utilization rate	✓
Targets Met		10 of 15 KPIs

1. Standard Level Exams: Achieved 75% of target
2. Leadership development program put on hold by execs when there was COO vacancy. Workloads were high; managers could not pay sufficient attention to program.
3. Individual managers were able to use Halogen for their own staff. However, the reports that the supplier demonstrated in Halogen for corporate use were not functional for ITA.

5. Leadership			
Questions and rating scale	Change from last year ¹	April 2013 Rating ²	
4 point scale: 4 = often, 3 = sometimes, 2 = seldom, 1 = never			
Seeks out opportunities to coach and provide me with open and honest feedback that assists in my own growth	0	2.4	
Provides clear feedback that links directly to my career development and areas for improvement	0	2.0	
Practices effective, attentive and active listening	-0.3	3.6	
Provides challenging goals and holds frequent developmental discussions for follow up	0	2.2	
Total Rating – all questions	-0.1	2.7	

1. Based on change in rating reported by respondents employed by ITA at least 8 months.
2. Based on all current ratings provided by all respondents.

2012-13 CFO EXECUTIVE BONUS – BOARD APPROVED MAY 8, 2013, Paid July 2013

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13	Investment per APP Credential (+/- 5%)	20%	2%	2%	\$14,933	\$14,222	\$13,511	\$13,190	4.0%	
	ORGANIZATION GOALS (10% Target)		-	10%					14.4%	= 44% above target
	CFO Executive Goal (Additional 5% target based on organization goals)			5%					7.2%	= 5% x 1.44
	TOTAL BONUS CHIEF FINANCIAL OFFICER	100%	10%	15%					21.6%	=14.4% + 7.2%